



COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles

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Gloria Molina
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Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

October 30, 2007

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors and Commissioners:

**APPROVAL OF FUNDS TO ACQUIRE UP TO 4 COMMERCIAL MODULAR UNITS
AND LEASE WITH LOS ANGELES HOMELESS SERVICES AUTHORITY (5)
(3 Vote)**

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Acting as a Responsible Agency pursuant to the California Environmental Quality Act (CEQA), certify that the County of Los Angeles has considered the determination made by the City of Santa Clarita as Lead Agency, and find that the project will not cause a significant effect on the environment.
2. Approve the transfer of a total amount of up to \$3,000 in Discretionary Funds, allocated to the Fifth Supervisorial District, for the purposes of initial inspection and oversight of the refurbishment of up to 4 Commercial Modular Units (Modular Units) to be used for the Los Angeles Homeless Services Authority's (LAHSA) Winter Shelter program described herein.
3. Approve the transfer of additional Discretionary Funds, as needed, allocated to the Fifth Supervisorial District, for the purposes of annual inspections and oversight of the above-mentioned Modular Units, for the duration of the lease agreement described herein.



**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE
COMMUNITY DEVELOPMENT COMMISSION:**

1. Acting as a Responsible Agency pursuant to the California Environmental Quality Act (CEQA), certify that the Community Development Commission has considered the determination made by the City of Santa Clarita as Lead Agency, and find that the project will not cause a significant effect on the environment.
2. Authorize the Executive Director of the Commission to execute all required documents necessary to transfer, accept and incorporate into the Commission's approved FY 2007-2008 budget a total amount of up to \$20,000 in one time only funding in County General Funds (CGF), allocated to the Fifth Supervisorial District, following receipt of said funds from the Chief Executive Office (CEO) for the purpose of purchasing up to 4 Modular Units (Modular Units) to lease to the Los Angeles Homeless Services Authority (LAHSA) for use in its Winter Shelter program, as described herein, following approval as to form by County Counsel.
3. Authorize the Executive Director of the Commission to execute all required documents necessary to accept and incorporate into the Commission's approved FY 2007-2008 budget a total amount of up to \$3,000 in Discretionary Funds, allocated to the Fifth Supervisorial District, for the Commission's initial inspection of the refurbishment of the Modular Units by LAHSA or its subcontractor.
4. Authorize the Executive Director of the Commission to execute all required documents necessary to accept additional Discretionary Funds, allocated to the Fifth Supervisorial District, to be requested during the Commission's annual budget process, for the purposes of conducting annual inspections and monitoring during the lease period.
5. Authorize the Executive Director of the Commission to execute a 1-year Lease of Equipment Agreement with the option to renew for up to 8 additional years, attached in substantially final form, in the amount of \$1 per year between the Commission and LAHSA for the operation of up to 4 Modular Units as emergency winter shelters and program administrative offices for homeless individuals in the Santa Clarita

Valley, to be effective following approval as to form by County Counsel and execution by all parties.

6. Authorize the Executive Director, during the term of the lease, to transfer ownership of the Modular Units and assign the lease to a County Department to be identified by the Fifth District Office.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The purpose of this action is to acquire up to 4 Modular Units from the William S. Hart Union High School District (Hart School District) and authorize the execution of a Lease of Equipment Agreement, attached in substantially final form, between the Commission and LAHSA to rehabilitate and operate the Modular Units as emergency shelters for homeless individuals in the Santa Clarita Valley.

FISCAL IMPACT/FINANCING:

The actions described herein will be funded with a portion of the \$20 million in CGF approved by the Board of Supervisors on June 20, 2005, to fund the construction and/or renovation of year-round emergency shelters and enhancements to the homeless support services system. On November 22, 2005, the Board of Supervisors approved the allocation of \$3.6 million of these funds to each Supervisorial District and allowed a 10% administrative fee, in the total amount of \$2 million to be reserved by the Commission for projects.

The Modular Units are available for purchase from the Hart School District for a total cost not to exceed \$20,000 including all transaction fees and insurance costs.

Construction oversight will be provided by the Commission for the first year of the program to be funded with up to \$3,000 in Discretionary Funds allocated to the Fifth Supervisorial District. However, if needed, the Commission may provide additional construction oversight and monitoring services throughout the duration of its ownership and lease agreement with LAHSA.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 20, 2005, a one time allocation of \$20,000,000 was approved for the construction and/or renovation of year-round emergency shelters and enhancements to the homeless support system to address the needs of homeless individuals and families in Los Angeles County. On November 22, 2005, the Commission was directed to administer the funding and oversee all of the projects. Each Board office has worked

with the Commission since June 2005, to select projects in each supervisorial district to expand shelter beds and enhancements to the homeless services system.

The Santa Clarita Emergency Winter Shelter Task Force (Task Force), which included representatives from unincorporated area town councils, the business community, social service providers, local residents, the City of Santa Clarita, and the County of Los Angeles was created to identify shelter locations in that area. The Task Force developed a local plan, recently adopted by the City of Santa Clarita that identified a primary site from which the program would be operated. Subsequent sites will be assessed for suitability in order to move forward with the Task Force's plan to alternate sites on a 3-year rotating basis for the next nine years. The first site identified in the rotation is the Golden Valley Fire Station located at 26201 Golden Valley Road. The Commission will return to your Board for CEQA clearance of future sites.

To administer the program, the Fifth District has determined that up to 4 Modular Units, suitable for providing emergency shelter and services are necessary for the operation of the Winter Shelter program in the Santa Clarita Valley. The Modular Units are available for purchase from Santa Clarita's Hart School District for a total cost not to exceed \$20,000, including all transaction fees and insurance costs.

The Commission will purchase the Modular Units and provide interim insurance coverage. Following acquisition, the Commission will enter into a Lease of Equipment Agreement with LAHSA for the operation of the Modular Units as emergency shelters, including the provision of property insurance coverage. The Lease Agreement will delineate each party's role and responsibilities with respect to the emergency shelters.

LAHSA will indemnify the Commission and ensure that the subcontractor operating the Modular Units meets all applicable insurance requirements. LAHSA will also ensure that the Modular Units are in compliance with all applicable codes, regulations and laws. Year-round oversight of the Modular Units, including approval of subcontractors, administrative and programmatic oversight, operations supervision, programmatic monitoring, and security will be the responsibility of LAHSA.

A complete description of the Los Angeles Homeless Services Authority's Winter Shelter program in the Santa Clarita Valley is provided as Attachment A.

ENVIRONMENTAL DOCUMENTATION:

The City of Santa Clarita, as Lead Agency, has determined that this project is exempt from the provisions of CEQA, pursuant to State CEQA Guideline 15304 because it

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involves minor alterations to the condition of the site and does not have the potential for causing a significant effect on the environment.

As Responsible Agencies, and in accordance with the requirements of California Environmental Quality Act (CEQA) Guidelines, the County of Los Angeles and the Community Development Commission have reviewed and adopted the City of Santa Clarita's CEQA determination that the project will not have a significant adverse impact on the environment pursuant to State CEQA Guideline 15304. The County and Commission have further determined the project to be exempt under State CEQA Guideline 15326.

IMPACT ON CURRENT PROJECTS:

Approval of this action will allow for an increase in emergency shelter beds and services available for homeless men, women and children in the County.

Respectfully submitted,

for
CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A
Los Angeles Homeless Services Authority Winter Shelter Program
Santa Clarita Valley

The Los Angeles Homeless Services Authority's Winter Shelter program in the Santa Clarita Valley operates from approximately December 1 through March 15, annually. During the hours of operation, residents check in from 6:00 p.m. through 10:00 p.m. and must check out by 8:00 a.m. the next day. All clients are required to obey posted rules including: zero tolerance for alcohol, drugs, weapons, theft, and aggressive, disrespectful, or violent behavior; smoking only in designated smoking areas; and abiding by all curfews. The Shelter accepts sheriff referrals at any time and minors are not permitted to stay at the Shelter. A voucher program is available for eligible local families with children so that they may receive shelter in a local motel.

More than 20 churches, in collaboration with numerous local restaurants and food vendors provide food for Shelter clients and guests. A hot dinner, breakfast and a "to-go" sack lunch are among the nutritious meals provided. The Shelter also serves dinner to community members who may need a meal, but do not require overnight shelter.

Case management, donated clothing and support services referrals are available for shelter clients to help them improve their individual or family circumstances. Referrals are provided for local, free and low-cost medical, dental, and mental health care including: housing, job counseling, pregnancy, domestic violence, and alcohol and/or drug abuse services. In addition, on-site mental health services are accessible 2 evenings per week through the local office of the Los Angeles County Department of Mental Health.

In order to enhance the implementation of the Winter Shelter program in the Santa Clarita Valley, funding will be provided for the purchase of up to four Modular Units from the Hart School District. The proposed units are as follows: four 24x40 Modular Units, two will house men; one will house women; and one will serve as administrative and dining quarters.

The Golden Valley Fire Station located at 26201 Golden Valley Road has been identified as the first site in the rotation. This site was selected because it is a centrally-located publicly-owned property on a major thoroughfare accessible by public transit. The site is flat, vacant and graded, and utilities are available. It is also adjacent to emergency fire and paramedic services, with no immediate residential neighbors.

Acquisition Costs	\$20,000
Construction Inspection	\$ 3,000
Total request	\$23, 000

EQUIPMENT LEASE

THIS EQUIPMENT LEASE (this "Agreement") is entered into as of October ____, 2007 by and between COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES ("Lessor"), and LOS ANGELES HOMELESS SERVICES AUTHORITY ("Lessee"). Lessor and Lessee are sometimes hereinafter collectively referred to as "Parties".

RECITALS

WHEREAS, Lessee desires to lease certain commercial modular units to a subcontractor to be utilized as part of Lessee's Winter Shelter program in furtherance of providing services to homeless persons in Los Angeles County;

WHEREAS, Lessee does not have the necessary funds available to acquire such commercial modular units and, therefore, wishes to lease from Lessor certain commercial modular units for the purposes described herein on terms economic to Lessee;

WHEREAS, Lessor's purchase and lease of said commercial modular units to Lessee will benefit the County of Los Angeles and help address the problem of homelessness within the County;

WHEREAS, in furtherance of benefiting the County of Los Angeles, Lessor, acting solely as a financier, is amenable to purchasing certain commercial modular units and leasing them to Lessee for the purposes described herein;

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions contained herein, the Parties hereto agree as follows:

I. THE LEASE

1.1 **LEASE OF EQUIPMENT.** In accordance with the terms and conditions of this Agreement, Lessor shall lease to Lessee, and Lessee shall lease from Lessor, the personal property, including all substitutions, replacements, repairs, parts and attachments, improvements and accessions thereto and therein (the "Equipment"). The Equipment is identified in Exhibit A, which is attached hereto and incorporated herein by this reference. The Equipment was specified, identified, and selected solely by Lessee and thereafter purchased by Lessor at Lessee's request. Lessor or its assignee shall at all times retain the full legal title to the Equipment, it being expressly agreed by both Parties that this Agreement is an agreement of lease only.

1.2 **TERM OF LEASE.** The term of the Agreement (the "Term") shall be for a period of one year commencing on _____, 2007 ("Commencement Date"), unless terminated earlier in accordance with this Agreement. The Term of this Agreement shall not extend for successive years, unless Lessor gives Lessee written notice at least thirty (30) in advance of the expiration of the Term. Lessee shall be deemed to have accepted the Equipment in its "as-is" and "where-is" condition on the Commencement Date.

1.3 **RENTAL PAYMENTS.** Lessee shall pay Lessor rent ("RENT") for the Equipment within 30 days of signing the lease in the amount of _ one_ dollar (\$1) per year.

1.4 **RETURN OF EQUIPMENT.** Upon expiration of the Term of the Agreement, Lessee shall immediately return the Equipment to Lessor pursuant to this Agreement. If Lessee fails to return the Equipment upon demand therefore by Lessor, Lessee shall pay Lessor, as the measure of Lessor's damages, the replacement value of such Equipment.

1.5 TITLE TO EQUIPMENT. Title to the Equipment shall remain with Lessor and Lessee shall hold the Equipment subject and subordinate to the rights of Lessor.

II. DISCLAIMERS AND WARRANTIES

2.1 SELECTION OF EQUIPMENT. Lessee represents and warrants that it has specified, identified, selected, and inspected the Equipment and it disclaims any reliance upon statements made by the Lessor or the County of Los Angeles, other than as set forth in this Agreement.

2.2 DISCLAIMERS; WARRANTIES. Lessee represents and warrants that the Equipment is of a size, design, and capacity as required by Lessee, and that it is satisfied that the Equipment is suitable for its purposes. LESSOR LEASES THE EQUIPMENT "AS IS", AND, NOT BEING THE MANUFACTURER OF THE EQUIPMENT, THE MANUFACTURER'S AGENT OR THE SELLER'S AGENT, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN OR CONDITION OF THE EQUIPMENT. LESSOR SHALL NOT BE RESPONSIBLE FOR ANY LOSS OR DAMAGE RESULTING FROM THE INSTALLATION, OPERATION, MAINTENANCE, REPAIR OR OTHER USE, OR DEINSTALLATION OF THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGE OR LOSS. Lessee shall look solely to the manufacturer of the Equipment for correction of any problems that may arise with respect thereto, and, provided no Event of Default (as defined in Section 4.1) has occurred and is continuing, all warranties made by the manufacturer or such supplier are, to the degree possible and to the extent that any warranties may still exist, hereby assigned to Lessee for the Term. To the extent any such warranty requires performance of any kind by the beneficiary of the warranty, Lessee shall perform in accordance therewith.

2.3 LESSOR MAKES NO WARRANTY OR REPRESENTATION THAT THE EQUIPMENT COMPLIES WITH ANY RELEVANT STATUTES, CODES, LAWS, REGULATIONS, OR ORDINANCES THAT MAY BE APPLICABLE TO LESSEE'S INTENDED USE OF THE EQUIPMENT.

III. COVENANTS OF LESSEE

3.1 USE OF EQUIPMENT. Lessee shall refurbish and rehabilitate the Equipment for use as emergency winter shelters and administrative offices and shall ensure that same is done in accordance with all applicable federal, state, and local laws, regulations, and ordinances of every governmental authority having jurisdiction over the Equipment or Lessee and within the provisions of all policies of insurance carried by Lessee pursuant this Agreement. Lessor reserves the right to request Lessee to make certain modifications to the Equipment, as needed, to address any safety concerns, and Lessee agrees to make such modifications at its sole expense. The parties agree that Lessee shall bear the sole burden and responsibility for identifying and addressing any and all safety concerns and that any modifications requested by Lessor to address safety concerns, and any inspection or oversight by Lessor of Lessee's refurbishment, rehabilitation, modification, repair, operation, relocation, or other use of Equipment, shall not in any way void, nullify, limit, qualify, or undermine Lessee's insurance and indemnity obligations as described in this Agreement. Lessee shall use the Equipment solely in the conduct of its Winter Shelter program to serve homeless individuals in the Santa Clarita Valley. Lessee shall pay all costs, expenses, fees, and charges incurred in connection with the use and operation of the Equipment, including all costs of refurbishment, rehabilitation, modification, repair, operation, relocation, and other use of the Equipment.

3.2 CARE, MAINTENANCE, AND REPAIR OF EQUIPMENT. Lessee shall maintain the Equipment in good repair, condition, operating order, and appearance, and protect the Equipment from deterioration, other than normal wear and tear, and will not use the Equipment for any purpose other than in the conduct of its Winter Shelter program and in a manner not inconsistent with that contemplated by the manufacturer thereof. Lessee agrees to pay any and all costs associated with the care, maintenance, and

repair of the Equipment. In the event that the Equipment, upon its return to Lessor, is not in good repair, condition, operating order, and appearance, normal wear and tear excepted, then Lessee shall be obligated to pay Lessor for any and all out of pocket expenses that Lessor shall incur in bringing such Equipment up to good repair, condition, operating order, and appearance. Lessee shall also be responsible for ensuring that the Equipment is properly secured, including the cost thereof, in order to minimize the likelihood of any criminal acts relating to the Equipment.

3.3 DELIVERY AND INSTALLATION OF EQUIPMENT. Lessee shall be solely responsible, at its own expense, for (a) the delivery of the Equipment to Lessee, (b) the delivery of the Equipment back to Lessor, upon expiration or termination of the Term, in good repair, condition and working order, ordinary wear and tear excepted, and (c) the installation, deinstallation, maintenance and repair of the Equipment. During the Term, Lessee shall ensure that the Equipment is covered by a maintenance agreement, to the extent available, with the manufacturer of the Equipment or such other party, reasonably acceptable to Lessor. Lessee shall, at its expense, keep the equipment in good repair, condition, operating order, and appearance, normal wear and tear excepted, Lessee shall oversee the site preparation, , transportation of the modular units, securing all permits, and all items necessary for the delivery and installation of the modular units to be used for emergency shelter, by Lessee or its subcontractors.

3.4 RELOCATION OR SUBLEASE. Upon prior written consent of Lessor, Lessee may relocate Equipment to any location in California provided all additional costs (including, but not limited to, any administrative fees, additional taxes, insurance coverage, and relocation fees and expenses) are reconciled and promptly paid by Lessee. If relocated, Lessee shall advise Lessor of the new location of the Equipment. Lessee shall not relocate the Equipment to any location where it is endangered by increased risk of loss or destruction. Lessee may sublease the Equipment upon the written consent of Lessor, which shall not be unreasonably withheld. However, no relocation or sublease will relieve Lessee from any of its obligations under this Agreement.

3.5 TAXES. Lessee shall be obligated to pay, and hereby indemnifies Lessor and its successors and assigns against, and holds each of them harmless from, all license fees, assessments, and sales, use, property, excise and other taxes and charges, other than those measured by Lessor's net income, now and hereafter imposed by any governmental body or agency upon or with respect to any of the Equipment, or the possession, ownership, use or operation thereof, or this Agreement or the consummation of the transactions contemplated in this Agreement.

3.6 LOSS OF EQUIPMENT. Effective upon delivery and until the Equipment is returned to Lessor, Lessee relieves Lessor of responsibility for any and all risks of physical damage to or loss or destruction of the Equipment. Lessee will carry casualty insurance for the Equipment in an amount not less than the replacement value of the Equipment. All policies for such insurance will name the Lessor as additional insured and as loss payee, and will provide for at least thirty (30) days prior written notice to the Lessor of cancellation or expiration, and will insure Lessor's interests regardless of any breach or violation by Lessee of any representation, warranty or condition contained in such policies and will be primary without right of contribution from any insurance effected by Lessor. Upon the execution of this Agreement, Lessee shall furnish appropriate evidence of such insurance acceptable to Lessor. Lessee will promptly repair any damaged Equipment unless such Equipment has suffered a casualty loss. Within fifteen (15) days of a casualty loss, Lessee will provide written notice of that loss to Lessor and Lessee will, at Lessee's option, either (a) replace the item of Equipment with like Equipment and marketable title to the like Equipment will automatically vest in Lessor or (b) pay the replacement value and after that payment and the payment of all other amounts due and owing with respect to that item of Equipment, Lessee's obligation to pay further Rent for the item of Equipment will cease.

3.7 INSURANCE. Lessee shall obtain and maintain for the Term, at its own expense, personal injury, property damage and liability insurance and insurance against loss or damage to the Equipment (including so-called extended coverage), as a result of theft and such other risks of loss as are normally maintained on equipment of the type leased hereunder by company's carrying on the business in which Lessee is engaged, in such amounts, in such form and with such insurers as shall be satisfactory to Lessor. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such

carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Lessee shall, concurrent with the execution of this Agreement, deliver to Lessor certificates of insurance with original endorsements evidencing the insurance coverage required by this Agreement. Lessor reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Lessor and may provide for such deductibles as may be acceptable to Lessor. In the event such insurance does provide for deductibles or self-insurance, Lessee agrees that it will defend, indemnify and hold harmless Lessor, its elected and appointed officers, officials, representatives, employees and agents in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that Lessor is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance. Lessee shall give Lessor immediate notice of any insurance claim or loss which may be covered by insurance. Lessee represents and warrants that Lessee's sublessors and assignees shall also provide and maintain all of the insurance coverage requirements as set forth herein. Each insurance policy shall name Lessee as insured and Lessor as an additional insured and loss payee thereof as Lessor's interests may appear, and shall provide that it may not be canceled or altered without at least thirty (30) days prior written notice thereof being given to Lessor or its successor and assigns. Lessee's failure to maintain the insurance as required pursuant to this Agreement shall be considered a material breach of this Agreement and Lessor may elect to immediately terminate this Agreement upon such breach and exercise all of its rights and remedies.

3.8 INDEMNITY. Lessee hereby indemnifies, protects, defends and holds harmless Lessor and its successors and assigns, from and against any and all claims, liabilities, demands, actions, suits, proceedings, losses, costs, expenses and damages, including without limitation, reasonable attorneys' fees and costs and expert witness fees (collectively, "Claims"), arising out of, connected with, or relating to this Agreement or the Equipment. Each of the Parties shall give the other prompt written notice of any Claim of which it becomes aware. The provisions of this Section 3.9 shall survive the expiration or termination of this Agreement.

3.9 PROHIBITIONS RELATED TO AGREEMENT AND EQUIPMENT. Except as may be otherwise provided herein, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee shall not: (a) assign, transfer, pledge, encumber, hypothecate or otherwise dispose of this Agreement or any rights or obligations thereunder; (b) sublease any of the Equipment; (c) create or incur, or permit to exist, any lien or encumbrance with respect to any of the Equipment, or any part thereof; (d) move any of the Equipment from the location at which it is first installed; or (e) permit any of the Equipment to be moved outside the continental limits of the United States.

3.10 ALTERATIONS AND MODIFICATIONS. Lessee shall not make any additions, attachments, alterations or improvements to the Equipment without the prior written consent of Lessor. Any addition, attachment, alteration or improvement to any item of Equipment shall belong to and become the property of Lessor unless, at the request of Lessor, it is removed prior to the return of such item of Equipment by Lessee. Lessee shall be responsible for all costs relating to such removal and shall restore such item of Equipment to its operating condition that existed at the time it became subject to this Agreement.

3.11 EQUIPMENT TO BE PERSONAL PROPERTY. Lessee acknowledges and represents that the Equipment shall be and remain personal property, notwithstanding the manner in which it may be attached or affixed to realty, and Lessee shall do all acts and enter into all agreements necessary to ensure that the Equipment remains personal property.

3.12 LESSEE REPRESENTATIONS. Lessee hereby represents that, with respect to this Agreement: (a) the execution, delivery and performance thereof by Lessee have been duly authorized by all necessary corporate action; and (b) the individual executing such document is duly authorized to do so; and (c) such document constitutes legal, valid and binding obligations of Lessee, enforceable in accordance with its terms.

IV. DEFAULT AND REMEDIES

4.1 EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to pay any Rent or other payment due hereunder within five (5) days after it becomes due and payable; (b) any representation or warranty of Lessee made in this Agreement, or in any document furnished pursuant to the provisions of this Agreement or otherwise, shall prove to have been false or misleading in any material respect as of the date when it was made; (c) Lessee shall fail to perform any covenant, condition or agreement made by it under this Agreement, and such failure shall continue for twenty (20) days after its receipt of notice thereof; (d) Lessee shall default under any agreement with respect to the purchase or installation of the Equipment; or (e) Lessee or any guarantor of Lessee's obligations under this Agreement shall default under any other agreement with Lessor.

4.2 REMEDIES. If an Event of Default hereunder shall occur and be continuing, Lessor may exercise any one or more of the following remedies: (a) terminate this Agreement and Lessee's rights thereunder; (b) proceed, by appropriate court action or actions, to enforce performance by Lessee of the applicable covenants of this Agreement or to recover damages for the breach thereof; (c) recover from Lessee an amount equal to the sum of (i) all accrued and unpaid Rent and other amounts due under this Agreement (ii) as liquidated damages for loss of a bargain and not as a penalty, the present value of (A) the balance of all Rent and other amounts under this Agreement discounted at a rate of five percent (5%) per annum, and (B) Lessor's estimated fair market value of the Equipment at the expiration of the Original Term; (d) personally, or by its agents, take immediate possession of any or all of the Equipment from Lessee and, for such purpose, enter upon Lessee's premises where any of the Equipment is located with or without notice or process of law and free from all claims by Lessee; and e) require the Lessee to assemble the Equipment and deliver the Equipment to Lessor at a location which is reasonably convenient to Lessor. The exercise of any of the foregoing remedies by Lessor shall not constitute a termination of this Agreement unless Lessor so notifies Lessee in writing.

4.3 DISPOSITION OF EQUIPMENT. In the event, upon the occurrence of an Event of Default, Lessor repossesses any of the Equipment, Lessor may sell or lease any or all of such Equipment, at one or more public or private sales. The proceeds of (i) any rental of the Equipment for the balance of the Term (discounted to present value at the rate of five percent (5%) per annum) or (ii) any sale of the Equipment shall be applied to the payment of (A) all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Lessor in retaking possession of, and removing, storing, repairing, refurbishing and selling or leasing such Equipment and (B) the obligations of Lessee to Lessor pursuant to this Agreement. Lessee shall remain liable to Lessor for any deficiency.

V. MISCELLANEOUS

5.1 PERFORMANCE OF LESSEE'S OBLIGATIONS. Upon Lessee's failure to pay Rent (or any other sum due hereunder) or perform any obligation hereunder when due, Lessor shall have the right, but shall not be obligated, to pay such sum or perform such obligation, whereupon such sum or cost of such performance shall immediately become due and payable hereunder as additional Rent, with interest thereon at the highest legal rate from the date such payment or performance was made.

5.2 TERMINATION BY LESSOR. Lessor may terminate this Agreement at any time, for any reason whatsoever, after giving Lessee thirty (30) days prior written notice of such, without any liability to Lessor.

5.3 FURTHER ASSURANCES. Lessee shall, upon the request of Lessor, from time to time, execute and deliver such further documents and do such further acts as Lessor may reasonably request in order to fully effect the purpose of this Agreement and Lessor's rights hereunder.

5.4 RIGHT AND REMEDIES. Each and every right and remedy granted to Lessor under this Agreement shall be cumulative and in addition to any other right or remedy therein specifically granted to nor or hereafter existing in equity, at law, by virtue of statute or otherwise, and may be exercised by Lessor from time to time concurrently or independently and as often as Lessor may deem expedient. Any failure or delay on the part of Lessor in exercising any such right or remedy, or abandonment or discontinuance of

steps to enforce the same, shall not operate as a waiver thereof or affect Lessor's right thereafter to exercising the same. Waiver of any right or remedy on one occasion shall not be deemed to be a waiver of any other right or remedy or of the same right or remedy on any other occasion.

5.5 NOTICES. Any notice, request, demand, consent, approval or other communication provided for or permitted hereunder shall be in writing and shall be conclusively deemed to have been received by a party hereto on the day it is delivered to such party at its address as set forth above (or at such other addresses such party shall specify to the other party in writing), or if sent by registered or certified mail, return receipt requested, on the fifth day after the day on which it is mailed, postage prepaid, addressed to such party.

5.6 SECTION HEADINGS; COUNTERPARTS. Section headings are inserted for convenience of reference only and shall not affect any construction or interpretation of this Agreement. This Agreement may be executed in counterparts, and when so executed each counterpart shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

5.7 SEVERABILITY. Should any provision of this Agreement be or become invalid, illegal, or unenforceable under applicable law, the other provisions of this Agreement shall not be affected and shall remain in full force and effect.

5.9 GOVERNING LAW AND JURISDICTION. This Agreement shall be governed in all respects by the laws of the State of California with respect to agreements entered into, and to be performed, entirely in California. The Parties consent to the non-exclusive jurisdiction of the state courts of California, and the federal courts sitting in the state of California, for the resolution of any disputes hereunder.

5.10 SURVIVAL. All obligations of Lessee to make payments to Lessor under this Agreement or to indemnify Lessor under this Agreement, and all rights of Lessor hereunder with respect to this Agreement, shall survive the termination of this Agreement.

5.11 ASSIGNMENT. This Agreement may be fully assigned by Lessor at anytime. Upon any such assignment, Lessor shall be fully released from any and all further obligations or liabilities under this Agreement.

5.12 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between Lessor and Lessee with respect to the lease of the Equipment. No amendment of, or any consent with respect to, any provision of this Agreement shall bind either party unless set forth in a writing, specifying such waiver, consent, or amendment, and signed by both Parties. To the extent permitted by applicable law and not otherwise specifically provided to Lessee in this Agreement, Lessee hereby waives any and all rights or remedies conferred upon a Lessee under the California Commercial Code, and any other applicable similar code or statutes of another jurisdiction, with respect to a default by Lessor under this Agreement.

THE PARTIES, BY THEIR SIGNATURES BELOW OF ITS AUTHORIZED REPRESENTATIVE, ACKNOWLEDGE THAT EACH HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

LESSOR:

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By: _____
CARLOS JACKSON, Executive Director

LESSEE:

LOS ANGELES HOMELESS SERVICES AUTHORITY

By: _____
REBECCA ISAACS, Executive Director

EXHIBIT A

LIST OF EQUIPMENT